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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: November 16, 2006

Farewell to Power?

11. It is the moment of truth for the OeVP, an Austrian daily says: In a meeting at 10:00 am today, the Conservatives' leadership was to begin deciding whether to resume coalition negotiations with the SPOe, or go into opposition and give up much of its power. In an analysis of the OeVP's strategy since the October 1 general elections, mass-circulation provincial daily Kleine Zeitung says the Conservatives' policy of supporting a grand coalition in principle, but not on the conditions postulated by the SPOe, has largely been rejected and considered merely drawn-out stonewalling by Chancellor Wolfgang Schuessel. The OeVP has failed to convey the message that it is, in fact, the SPOe and its leader Alfred Gusenbauer, who are responsible for the formation of a government. Mass-circulation tabloid Oesterreich meanwhile believes that, after a meeting between Schuessel and Gusenbauer, there remains a slight chance the Conservatives might give in and agree to a grand coalition with the SPOe. Also, although the Chancellor has dismissed suggestions he should resign, power struggles in the OeVP over who will succeed Schuessel as party leader have already begun, with Minister for Agriculture Josef Proell being considered the most likely candidate.

Support for Minority Government

12. Deputy Greens floor leader Karl Oellinger suggests his party could "back a temporary transitional minority government" led by the Social Democrats, if the OeVP and the SPOe fail to agree on a grand coalition. Oellinger also demanded a clear signal from the Conservatives. Semi-official daily Wiener Zeitung reports on the "surprise move" by Oellinger suggesting support for a SPOe minority government, which came after the Greens had called for new elections earlier this month. A minority government, Oellinger said, would facilitate three key issues: conclusion of parliamentary investigative committees on the Eurofighter deal and the banking scandals in Austria, presentation of a preliminary budget, and preparation for new elections, the daily adds.

Bawag High Bid around 2.7 Billion Euros

13. In the sale of Austria's fourth-biggest bank it is still unclear exactly how many bids have been received to buy Bawag. Morgan Stanley investment house, which is managing the sale, will only say that it is "significantly more than three." An Austrian weekly magazine reports the current high bid is by an American company --

2.7 billion Euros.

US investment house Morgan Stanley says six bidders are competing for Austrian union-owned bank Bawag. Three of the interested parties will go on a short list and given the opportunity to increase their bids, writes weekly magazine News. Most of the bidders are thought to be hedge funds, banks and insurance companies based in Germany or the US, meaning one of Austria's largest banks may soon be under foreign ownership. Bawag will most likely go to an American "financial giant," News speculates. Austrian Trade Union Association OeGB emphasizes that, while money is the major factor in the sale, job security and the future of Bawag bank branches will also be factors. Bawag CEO Ewald Novotny said Wednesday he hoped the sale could be concluded in January 2007.

Most Austrians against Turkey in EU

14. 58 percent of Austrians said in a recent internet survey they oppose Turkish membership in the European Union at the present time, and 73 percent argued that Turkey is not a European country. According to mass-circulation tabloid Kronen Zeitung, the majority of the 2,350 people who responded to the internet poll also oppose a greater influx of Turkish workers into Austria. Also, 27 percent believe the EU "should be open to countries with a non-Muslim majority," and 67 percent say reforms in Turkey are not being carried out fast enough. 51 percent argue that Turks living in Austria are not sufficiently willing to integrate into Austrian society. Turkish Ambassador to Austria Selim Yenel presented the study in Vienna on Wednesday. "This is an important signal for us, should a referendum on Turkey's entry into the EU be presented in Austria," he said. Brussels has demanded that Ankara meet EU political and economic criteria before it can be considered for entry.

Heading for War?

15. Following the latest Palestinian rocket attacks on Israel, the Israeli army and intelligence services are pushing for a massive invasion of the Gaza Strip, says an Austrian daily. The military believes war has become unavoidable, and an increasing number of Israeli politicians agree. The Israeli military and intelligence services are justifying their pitch for a major military offensive in the Gaza Strip citing the Palestinians' arms buildup, particularly with Iran's help. Tehran's support would result in increasing the range and payload of the Palestinian Kassam rockets, which have been used for years to launch attacks on Israel, independent provincial daily Salzburger Nachrichten says. The potential escalation of the Israeli-Palestinian conflict could have been triggered by the latest rocket attack on the Israeli city of Sderot. Israeli Defense Minister Amir Peretz warned that the army would move against anyone who participated in the attacks, "from the leaders down to the last of their terrorists."

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